

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

|                                                                                                                                                                                             |              |                 |                                      |        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------------|--------------------------------------|--------|
| Local Unit of Government Type<br><input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other |              | Local Unit Name |                                      | County |
| Fiscal Year End                                                                                                                                                                             | Opinion Date |                 | Date Audit Report Submitted to State |        |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

|                                                            |                          |                                            |                |     |
|------------------------------------------------------------|--------------------------|--------------------------------------------|----------------|-----|
| <b>We have enclosed the following:</b>                     | Enclosed                 | Not Required (enter a brief justification) |                |     |
| Financial Statements                                       | <input type="checkbox"/> |                                            |                |     |
| The letter of Comments and Recommendations                 | <input type="checkbox"/> |                                            |                |     |
| Other (Describe)                                           | <input type="checkbox"/> |                                            |                |     |
| Certified Public Accountant (Firm Name)                    |                          | Telephone Number                           |                |     |
| Street Address                                             |                          | City                                       | State          | Zip |
| Authorizing CPA Signature<br><i>Hennrich A. Berthiaume</i> | Printed Name             |                                            | License Number |     |

# **FRASER TOWNSHIP**

Bay County, Michigan

## **FINANCIAL STATEMENTS**

March 31, 2008

## TABLE OF CONTENTS

|                                                                                      | PAGE |
|--------------------------------------------------------------------------------------|------|
| <b>Independent Auditors' Report</b> .....                                            | 1    |
| <b>Basic Financial Statements:</b>                                                   |      |
| Government-wide Financial Statements:                                                |      |
| Statement of Net Assets.....                                                         | 3    |
| Statement of Activities .....                                                        | 4    |
| Fund Financial Statements:                                                           |      |
| <i>Governmental Funds:</i>                                                           |      |
| Balance Sheet.....                                                                   | 5    |
| Reconciliation of Fund Balances of Governmental Funds to Net Assets of               |      |
| Governmental Activities .....                                                        | 6    |
| Statement of Revenues, Expenditures and Changes in Fund Balances.....                | 7    |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in             |      |
| Fund Balances of Governmental Funds to the Statement of Activities.....              | 8    |
| <i>Proprietary Fund:</i>                                                             |      |
| Statement of Net Assets .....                                                        | 9    |
| Statement of Revenues, Expenses, and Changes in Net Assets.....                      | 10   |
| Statement of Cash Flows.....                                                         | 11   |
| <i>Fiduciary Fund:</i>                                                               |      |
| Statement of Net Assets .....                                                        | 12   |
| Notes to Financial Statements.....                                                   | 14   |
| <b>Required Supplemental Information:</b>                                            |      |
| Budgetary Comparison Schedule – General Fund .....                                   | 26   |
| Budgetary Comparison Schedule – Special Revenue Fund – Fire Fund .....               | 27   |
| Budgetary Comparison Schedule – Special Revenue Fund – Garbage Collection Fund ..... | 28   |
| <b>Other Supplemental Information:</b>                                               |      |
| <i>General Fund:</i>                                                                 |      |
| Detailed Schedule of Revenues.....                                                   | 30   |
| Detailed Schedule of Expenditures.....                                               | 31   |
| <i>Nonmajor Governmental Funds:</i>                                                  |      |
| Combining Balance Sheet.....                                                         | 34   |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....     | 35   |
| <i>Fiduciary Fund:</i>                                                               |      |
| Statement of Changes in Assets and Liabilities .....                                 | 36   |
| <i>Schedules of Indebtedness</i> .....                                               | 37   |

**BERTHIAUME  
& COMPANY**

Certified Public Accountants



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## **INDEPENDENT AUDITORS' REPORT**

To the Township Board  
Fraser Township, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Fraser Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Fraser Township's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Township's water system managed by the Bay County Department of Water and Sewer. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Township's water system managed by the Bay County Department of Water and Sewer, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fraser Township's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

*Berthiaume & Co.*

Saginaw, Michigan  
June 17, 2008

## ***BASIC FINANCIAL STATEMENTS***

# FRASER TOWNSHIP

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## STATEMENT OF NET ASSETS

March 31, 2008

|                                                 | <i><u>Governmental</u></i><br><i><u>Activities</u></i> | <i><u>Business-type</u></i><br><i><u>Activities</u></i> | <i><u>Total</u></i> |
|-------------------------------------------------|--------------------------------------------------------|---------------------------------------------------------|---------------------|
| <b>Assets:</b>                                  |                                                        |                                                         |                     |
| Cash and cash equivalents                       | \$ 781,232                                             | \$ 86,036                                               | \$ 867,268          |
| Investments                                     | -                                                      | 413,357                                                 | 413,357             |
| Receivables                                     | 105,089                                                | 100,400                                                 | 205,489             |
| Internal balances                               | 40,630                                                 | (40,630)                                                | -                   |
| Prepaid expenses                                | -                                                      | 2,167                                                   | 2,167               |
| Restricted investments                          | -                                                      | 2,443                                                   | 2,443               |
| Capital assets:                                 |                                                        |                                                         |                     |
| Depreciable capital assets, net                 | <u>144,588</u>                                         | <u>2,157,807</u>                                        | <u>2,302,395</u>    |
| Total assets                                    | <u>1,071,539</u>                                       | <u>2,721,580</u>                                        | <u>3,793,119</u>    |
| <b>Liabilities:</b>                             |                                                        |                                                         |                     |
| Accounts payable and accrued expenses           | 4,829                                                  | 137,604                                                 | 142,433             |
| Long-term liabilities:                          |                                                        |                                                         |                     |
| Due within one year                             | 55,501                                                 | 75,030                                                  | 130,531             |
| Due in more than one year                       | <u>120,829</u>                                         | <u>788,651</u>                                          | <u>909,480</u>      |
| Total liabilities                               | <u>181,159</u>                                         | <u>1,001,285</u>                                        | <u>1,182,444</u>    |
| <b>Net assets:</b>                              |                                                        |                                                         |                     |
| Invested in capital assets, net of related debt | (31,742)                                               | 1,296,789                                               | 1,265,047           |
| Unrestricted                                    | <u>922,122</u>                                         | <u>423,506</u>                                          | <u>1,345,628</u>    |
| Total net assets                                | <u>\$ 890,380</u>                                      | <u>\$ 1,720,295</u>                                     | <u>\$ 2,610,675</u> |

*The accompanying notes are an integral part of these financial statements.*

# FRASER TOWNSHIP

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## STATEMENT OF ACTIVITIES

Year Ended March 31, 2008

| <b>Functions/Programs</b>          | <b><u>Expenses</u></b> | <b><u>Program Revenues</u></b>             |                                                          |                                                        | <b><u>Net<br/>(Expense)<br/>Revenue</u></b> |
|------------------------------------|------------------------|--------------------------------------------|----------------------------------------------------------|--------------------------------------------------------|---------------------------------------------|
|                                    |                        | <b><u>Charges<br/>for<br/>Services</u></b> | <b><u>Operating<br/>Grants and<br/>Contributions</u></b> | <b><u>Capital<br/>Grants and<br/>Contributions</u></b> |                                             |
| <i>Governmental activities:</i>    |                        |                                            |                                                          |                                                        |                                             |
| General government                 | \$ 213,613             | \$ 17,541                                  | \$ 8,804                                                 | \$ 5,600                                               | \$ (181,668)                                |
| Public safety                      | 113,496                | -                                          | -                                                        | -                                                      | (113,496)                                   |
| Public works                       | 272,107                | 151,079                                    | 6,317                                                    | -                                                      | (114,711)                                   |
| Health and welfare                 | -                      | -                                          | 28,040                                                   | -                                                      | 28,040                                      |
| Community and economic development | 23,057                 | 745                                        | -                                                        | -                                                      | (22,312)                                    |
| Recreation and culture             | 5,022                  | -                                          | -                                                        | -                                                      | (5,022)                                     |
| Interest on long-term debt         | 12,234                 | -                                          | -                                                        | -                                                      | (12,234)                                    |
| Total governmental activities      | <u>\$ 639,529</u>      | <u>\$ 169,365</u>                          | <u>\$ 43,161</u>                                         | <u>\$ 5,600</u>                                        | <u>\$ (421,403)</u>                         |
| <i>Business-type activities:</i>   |                        |                                            |                                                          |                                                        |                                             |
| Water                              | \$ 396,579             | \$ 430,619                                 | \$ 6,238                                                 | \$ -                                                   | \$ 40,278                                   |
| Total business-type activities     | <u>\$ 396,579</u>      | <u>\$ 430,619</u>                          | <u>\$ 6,238</u>                                          | <u>\$ -</u>                                            | <u>\$ 40,278</u>                            |

*The accompanying notes are an integral part of these financial statements.*

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|                                                                 | <i><b>Governmental<br/>Activities</b></i> | <i><b>Business-<br/>type<br/>Activities</b></i> | <i><b>Total</b></i> |
|-----------------------------------------------------------------|-------------------------------------------|-------------------------------------------------|---------------------|
| <i>Changes in net assets:</i>                                   |                                           |                                                 |                     |
| Net (Expense) Revenue                                           | \$ (421,403)                              | \$ 40,278                                       | \$ (381,125)        |
| General revenues:                                               |                                           |                                                 |                     |
| Taxes:                                                          |                                           |                                                 |                     |
| Property taxes, levied for general purpose                      | 130,080                                   | -                                               | 130,080             |
| Property taxes, levied for fire                                 | 82,727                                    | -                                               | 82,727              |
| Franchise fees                                                  | 4,580                                     | -                                               | 4,580               |
| Grants and contributions not restricted to<br>specific programs | 230,766                                   | -                                               | 230,766             |
| Unrestricted investment earnings                                | 22,685                                    | 16,460                                          | 39,145              |
| Special item - Gain on sale of capital asset                    | 391                                       | -                                               | 391                 |
| Total general revenues and special items                        | 471,229                                   | 16,460                                          | 487,689             |
| Change in net assets                                            | 49,826                                    | 56,738                                          | 106,564             |
| Net assets, beginning of year                                   | 840,554                                   | 1,663,557                                       | 2,504,111           |
| Net assets, end of year                                         | \$ 890,380                                | \$ 1,720,295                                    | \$ 2,610,675        |



# FRASER TOWNSHIP

## GOVERNMENTAL FUNDS

### BALANCE SHEET

March 31, 2008

|                                       | <i>Major Governmental Funds</i> |                   |                   | <i>Nonmajor</i>     | <i>Total</i>        |
|---------------------------------------|---------------------------------|-------------------|-------------------|---------------------|---------------------|
|                                       | <i>General</i>                  | <i>Fire</i>       | <i>Garbage</i>    | <i>Governmental</i> | <i>Governmental</i> |
|                                       | <i>Fund</i>                     | <i>Fund</i>       | <i>Collection</i> | <i>Funds</i>        | <i>Funds</i>        |
|                                       | <i>Fund</i>                     | <i>Fund</i>       | <i>Fund</i>       | <i>Funds</i>        | <i>Funds</i>        |
| <b>Assets:</b>                        |                                 |                   |                   |                     |                     |
| Cash and cash equivalents             | \$ 339,965                      | \$ 94,538         | \$ 248,423        | \$ 98,306           | \$ 781,232          |
| Taxes receivable                      | 11,390                          | 7,386             | -                 | -                   | 18,776              |
| Accounts receivable                   | -                               | -                 | 15,358            | 9,638               | 24,996              |
| Special assessments receivable        | 19,827                          | -                 | -                 | -                   | 19,827              |
| Due from other governmental units     | 41,490                          | -                 | -                 | -                   | 41,490              |
| Advance receivable to other funds     | 40,630                          | -                 | -                 | -                   | 40,630              |
| Total assets                          | <u>\$ 453,302</u>               | <u>\$ 101,924</u> | <u>\$ 263,781</u> | <u>\$ 107,944</u>   | <u>\$ 926,951</u>   |
| <b>Liabilities and Fund Balances:</b> |                                 |                   |                   |                     |                     |
| <b>Liabilities:</b>                   |                                 |                   |                   |                     |                     |
| Due to other funds - tax account      | \$ 1,426                        | \$ -              | \$ -              | \$ -                | \$ 1,426            |
| Deferred revenue                      | 18,177                          | -                 | -                 | -                   | 18,177              |
| Total liabilities                     | <u>19,603</u>                   | <u>-</u>          | <u>-</u>          | <u>-</u>            | <u>19,603</u>       |
| <b>Fund balances:</b>                 |                                 |                   |                   |                     |                     |
| Unreserved:                           |                                 |                   |                   |                     |                     |
| General fund                          | 433,699                         | -                 | -                 | -                   | 433,699             |
| Special revenue funds                 | -                               | 101,924           | 263,781           | 107,944             | 473,649             |
| Total fund balances                   | <u>433,699</u>                  | <u>101,924</u>    | <u>263,781</u>    | <u>107,944</u>      | <u>907,348</u>      |
| Total liabilities and fund balances   | <u>\$ 453,302</u>               | <u>\$ 101,924</u> | <u>\$ 263,781</u> | <u>\$ 107,944</u>   | <u>\$ 926,951</u>   |

The accompanying notes are an integral part of these financial statements.

# FRASER TOWNSHIP

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## RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

March 31, 2008

**Total fund balances for governmental funds** \$ 907,348

Total net assets reported for governmental activities in the statement of  
of net assets is different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the governmental funds.

|                               |                  |         |
|-------------------------------|------------------|---------|
| Governmental capital assets   | 790,955          |         |
| Less accumulated depreciation | <u>(646,367)</u> | 144,588 |

Deferred revenues reported in the governmental funds are recognized as  
revenues for the governmental activities.

|                     |  |        |
|---------------------|--|--------|
| Special assessments |  | 18,177 |
|---------------------|--|--------|

|                                                                                                                                                     |  |         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|
| Interest payable in the governmental activities are not payable from current<br>resources and therefore are not reported in the governmental funds. |  | (3,403) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|

Long-term liabilities are not due and payable in the current year and  
therefore are not reported in the governmental funds:

|              |                  |  |
|--------------|------------------|--|
| Note payable | <u>(176,330)</u> |  |
|--------------|------------------|--|

**Net assets of governmental activities** \$ 890,380

*The accompanying notes are an integral part of these financial statements.*

# FRASER TOWNSHIP

## GOVERNMENTAL FUNDS

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2008

|                                    | <i>Major Governmental Funds</i> |             |                   | <i>Nonmajor</i>     | <i>Total</i>        |
|------------------------------------|---------------------------------|-------------|-------------------|---------------------|---------------------|
|                                    | <i>General</i>                  | <i>Fire</i> | <i>Garbage</i>    | <i>Governmental</i> | <i>Governmental</i> |
|                                    | <i>Fund</i>                     | <i>Fund</i> | <i>Collection</i> | <i>Funds</i>        | <i>Funds</i>        |
|                                    |                                 |             | <i>Fund</i>       |                     |                     |
| <b>Revenues:</b>                   |                                 |             |                   |                     |                     |
| Property taxes                     | \$ 130,080                      | \$ 82,727   | \$ -              | \$ -                | \$ 212,807          |
| Licenses and permits               | 5,090                           | -           | -                 | -                   | 5,090               |
| State grants                       | 240,883                         | -           | -                 | 5,600               | 246,483             |
| Contributions from other units     | 3,096                           | -           | -                 | -                   | 3,096               |
| Charges for services               | 3,049                           | 6,816       | 139,755           | 4,496               | 154,116             |
| Interest and rents                 | 25,138                          | 2,347       | 7,240             | 449                 | 35,174              |
| Other revenue                      | 38,651                          | -           | 12                | 28,040              | 66,703              |
| Total revenues                     | 445,987                         | 91,890      | 147,007           | 38,585              | 723,469             |
| <b>Expenditures:</b>               |                                 |             |                   |                     |                     |
| Current                            |                                 |             |                   |                     |                     |
| General government                 | 176,640                         | -           | -                 | -                   | 176,640             |
| Public safety                      | 73,991                          | 13,304      | -                 | -                   | 87,295              |
| Public works                       | 120,455                         | -           | 151,652           | -                   | 272,107             |
| Community and economic development | 22,519                          | -           | -                 | -                   | 22,519              |
| Recreation and culture             | 2,015                           | -           | -                 | -                   | 2,015               |
| Other                              | 20,071                          | -           | -                 | -                   | 20,071              |
| Capital outlay                     | 12,593                          | -           | -                 | 5,600               | 18,193              |
| Debt service                       |                                 |             |                   |                     |                     |
| Principal                          | -                               | 52,464      | -                 | -                   | 52,464              |
| Interest and fees                  | -                               | 13,247      | -                 | -                   | 13,247              |
| Total expenditures                 | 428,284                         | 79,015      | 151,652           | 5,600               | 664,551             |
| Net change in fund balances        | 17,703                          | 12,875      | (4,645)           | 32,985              | 58,918              |
| Fund balances, beginning of year   | 415,996                         | 89,049      | 268,426           | 74,959              | 848,430             |
| Fund balances, end of year         | \$ 433,699                      | \$ 101,924  | \$ 263,781        | \$ 107,944          | \$ 907,348          |

The accompanying notes are an integral part of these financial statements.

# FRASER TOWNSHIP

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## RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

March 31, 2008

**Net change in fund balances - total governmental funds** \$ 58,918

Total change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

|                           |                 |          |
|---------------------------|-----------------|----------|
| Capital outlay            | 5,600           |          |
| Less depreciation expense | <u>(54,990)</u> | (49,390) |

Collection of certain items recorded as deferred revenue are considered current financial resources in the governmental funds. In the statement of activities, these items have been recorded as revenue.

|                     |  |          |
|---------------------|--|----------|
| Special assessments |  | (13,179) |
|---------------------|--|----------|

|                                                                                                                                                                 |        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Repayments of principal on long-term obligations are expenditures in governmental but the payments reduce long-term liabilities in the statement of net assets. | 52,464 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

|                                     |              |
|-------------------------------------|--------------|
| Change in accrued interest on notes | <u>1,013</u> |
|-------------------------------------|--------------|

|                                                        |                         |
|--------------------------------------------------------|-------------------------|
| <b>Change in net assets of governmental activities</b> | <b><u>\$ 49,826</u></b> |
|--------------------------------------------------------|-------------------------|

*The accompanying notes are an integral part of these financial statements.*

# FRASER TOWNSHIP

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*PROPRIETARY FUND*  
**STATEMENT OF NET ASSETS**  
March 31, 2008

|                                                 | <i><b>Water<br/>Fund</b></i> |
|-------------------------------------------------|------------------------------|
| <b>Assets:</b>                                  |                              |
| <i><b>Current assets:</b></i>                   |                              |
| Cash and cash equivalents                       | \$ 86,036                    |
| Investments                                     | 413,357                      |
| Accounts receivable                             | 27,902                       |
| Special assessments receivable                  | 5,873                        |
| Accrued interest receivable                     | 1,935                        |
| Prepaid expenses                                | <u>2,167</u>                 |
| Total current assets                            | <u>537,270</u>               |
| <i><b>Noncurrent assets:</b></i>                |                              |
| Restricted investments                          | 2,443                        |
| Special assessments receivable                  | 64,690                       |
| Capital assets:                                 |                              |
| Depreciable capital assets, net                 | <u>2,157,807</u>             |
| Total noncurrent assets                         | <u>2,224,940</u>             |
| Total assets                                    | <u>2,762,210</u>             |
| <b>Liabilities:</b>                             |                              |
| <i><b>Current liabilities:</b></i>              |                              |
| Current portion of long-term debt               | 73,994                       |
| Accounts payable                                | 130,767                      |
| Accrued expenses                                | 151                          |
| Accrued interest payable                        | 4,243                        |
| Advances                                        | 2,443                        |
| Advance payable to other funds                  | 40,630                       |
| Current portion of compensated absences payable | <u>1,036</u>                 |
| Total current liabilities                       | <u>253,264</u>               |
| <i><b>Noncurrent liabilities:</b></i>           |                              |
| Compensated absences payable                    | 5,870                        |
| Long-term debt                                  | <u>782,781</u>               |
| Total noncurrent liabilities                    | <u>788,651</u>               |
| Total liabilities                               | <u>1,041,915</u>             |
| <b>Net assets:</b>                              |                              |
| Invested in capital assets, net of related debt | 1,296,789                    |
| Unrestricted                                    | <u>423,506</u>               |
| Total net assets                                | <u>\$ 1,720,295</u>          |

*The accompanying notes are an integral part of these financial statements.*

# FRASER TOWNSHIP

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*PROPRIETARY FUND*  
**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS**

Year Ended March 31, 2008

|                                           | <i><u>Water<br/>Fund</u></i> |
|-------------------------------------------|------------------------------|
| <b>Operating revenues:</b>                |                              |
| Charges for services                      | \$ 402,119                   |
| Connection fees                           | <u>28,500</u>                |
| Total operating revenues                  | <u>430,619</u>               |
| <b>Operating expenses:</b>                |                              |
| Personnel                                 | 34,528                       |
| Contracted services                       | 8,950                        |
| Purchase of water                         | 208,102                      |
| Administrative expense                    | 9,448                        |
| Utilities                                 | 794                          |
| Repairs and maintenance                   | 9,353                        |
| Other services and supplies               | 6,933                        |
| Depreciation                              | <u>74,784</u>                |
| Total operating expenses                  | <u>352,892</u>               |
| Operating income (loss)                   | <u>77,727</u>                |
| <b>Non-operating revenues (expenses):</b> |                              |
| Interest income                           | 16,460                       |
| Special assessments interest              | 6,238                        |
| Interest expense                          | <u>(43,687)</u>              |
| Total non-operating revenues (expenses)   | <u>(20,989)</u>              |
| Net income (loss)                         | 56,738                       |
| Net assets, beginning of year             | <u>1,663,557</u>             |
| Net assets, end of year                   | <u><u>\$ 1,720,295</u></u>   |

*The accompanying notes are an integral part of these financial statements.*

# FRASER TOWNSHIP

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*PROPRIETARY FUND*  
**STATEMENT OF CASH FLOWS**  
Year Ended March 31, 2008

|                                                                                                | <i><b>Water<br/>Fund</b></i> |
|------------------------------------------------------------------------------------------------|------------------------------|
| <b>Cash flows from operating activities:</b>                                                   |                              |
| Receipts from customers                                                                        | \$ 441,981                   |
| Payments to employees                                                                          | (35,834)                     |
| Payments to suppliers                                                                          | <u>(115,432)</u>             |
| Net cash provided by operating activities                                                      | <u>290,715</u>               |
| <b>Cash flows from capital and related financing activities:</b>                               |                              |
| Special assessments interest                                                                   | 6,238                        |
| Principal payments                                                                             | (81,233)                     |
| Interest paid                                                                                  | <u>(43,687)</u>              |
| Net cash used by capital and related financing activities                                      | <u>(118,682)</u>             |
| <b>Cash flows from investing activities:</b>                                                   |                              |
| Interest                                                                                       | <u>16,460</u>                |
| Net cash provided by investing activities                                                      | <u>16,460</u>                |
| Net increase in cash and cash equivalents                                                      | 188,493                      |
| Cash, cash equivalents and investments, beginning of year                                      | <u>313,343</u>               |
| Cash, cash equivalents and investments, end of year                                            | <u><u>\$ 501,836</u></u>     |
| <b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b> |                              |
| Operating income (loss)                                                                        | \$ 77,727                    |
| Adjustments:                                                                                   |                              |
| Depreciation                                                                                   | 74,784                       |
| Change in assets and liabilities:                                                              |                              |
| Accounts receivable                                                                            | (25,037)                     |
| Special assessments receivable                                                                 | 36,399                       |
| Prepaid expenses and other current assets                                                      | (26)                         |
| Accounts payable                                                                               | 128,871                      |
| Accrued expenses                                                                               | (155)                        |
| Accrued interest payable                                                                       | (542)                        |
| Compensated absences payable                                                                   | <u>(1,306)</u>               |
| Net cash provided by operating activities                                                      | <u><u>\$ 290,715</u></u>     |

*The accompanying notes are an integral part of these financial statements.*

# FRASER TOWNSHIP

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*FIDUCIARY FUND*  
**STATEMENT OF NET ASSETS**  
March 31, 2008

|                                 | <i><u>Agency<br/>Fund</u></i> |
|---------------------------------|-------------------------------|
| <b>Assets:</b>                  |                               |
| Cash and cash equivalents       | \$ 2,087                      |
| Accounts receivable             | <u>1,426</u>                  |
| Total assets                    | <u>3,513</u>                  |
| <b>Liabilities:</b>             |                               |
| Due to other governmental units | <u>3,513</u>                  |
| Total liabilities               | <u>3,513</u>                  |
| <b>Net Assets:</b>              |                               |
| Unrestricted                    | <u><u>\$ -</u></u>            |

*The accompanying notes are an integral part of these financial statements.*



## ***NOTES TO FINANCIAL STATEMENTS***

# FRASER TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2008

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies of Fraser Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### **Reporting Entity:**

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township, and its component units, if any. In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Township may be financially accountable and, as such, should be included within the Township's financial statements. The Township (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Township. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no component units included in the Township's reporting entity.

These financial statements include the portion of the Township's water system that is managed as an Agency Fund by the Bay County Department of Water and Sewer. The County managed portion of the Township's Water Fund is audited by other auditors as of and for the year ended December 31, 2007.

A separate audited December 31, 2007 financial report is available from the Bay County Department of Water and Sewer, 3933 Patterson Road, Bay City, Michigan, 48706.

#### **Jointly Governed Organization:**

Fraser Township, Pinconning Township, and the City of Pinconning participate jointly in the operation of the Pinconning Fraser Fire Department. The funding formula requires that each municipality share the operational costs of the building. All of the financial operations of the fire department are recorded in the Pinconning Fraser Fire Department. The Township's appropriation to the Pinconning Fraser Fire Department for the year ended March 31, 2008 was \$45,470.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

### *Government-wide Financial Statements:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government. These statements distinguish between activities that are governmental and business-type activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in two parts (1) invested in capital assets, net of related debt and (2) unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The Township does not allocate indirect costs. In creating the government-wide financial statements the Township has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Township as an entity and the change in the Township's net assets resulting from current year activities.

### *Fund Financial Statements:*

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting.

The Township reports the following major governmental funds:

The **General Fund** is the primary operating fund of the Township. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The **Fire Fund** is used to account for a tax levy for the purpose of providing fire protection.

The **Garbage Collection Fund** is used to account for a special assessment levy for the purpose of providing garbage and rubbish collection.

The Township reports the following major enterprise fund:

The **Water Fund** is used to account for the revenues and expenses for the operation of a water system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

# FRASER TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

### Assets, Liabilities and Equity

**Deposits and Investments** – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments, if any, are stated at fair value. For purposes of the statement of cash flows, the Township considers all highly liquid investments with a maturity when purchased of three months or less to be cash equivalents.

**Interfund Receivables and Payables** – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

**Prepaid Items** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets** – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Township defines capital assets as assets with an initial individual cost in excess of \$1,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

|                   |             |
|-------------------|-------------|
| Buildings         | 10-50 years |
| Equipment         | 5-10 years  |
| Infrastructure    | 25 years    |
| Site improvements | 10 years    |
| Water system      | 40-50 years |

**Compensated Absences** – It is the Township’s policy to not permit employees to accumulate earned but unused sick and vacation days. The compensated absences liability shown in the proprietary fund and government-wide statement of net assets is derived from the portion of the Township’s Water fund that is handled as an Agency Fund by the Bay County Department of Water and Sewer. The liability is accrued in accordance with the policy applicable to employees of the Bay County Department of Water and Sewer.

**Long-term Obligations** – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets.

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

# FRASER TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

### Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Eliminations and Reclassifications:

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds may be eliminated or reclassified. Interfund receivables and payables, if any, are eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

### Property Taxes:

Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with a final collection date of February 28 before they are added to the County tax rolls.

The 2007 taxable valuation of the Township's real and personal property totaled \$84,402,166, on which ad valorem taxes levied consisted of 1.1670 mills for the Township's operating purposes and .9886 mills for an extra voted millage for fire.

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## NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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### Budgetary Information:

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget by fund for each year is submitted to the Township Board. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted by adoption of the Township Board.
4. Any revision that alters the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund and major Special Revenue Funds budgets as originally adopted and amended by the Township Board is included in the required supplemental information.
7. All annual appropriations lapse at fiscal year end.

# FRASER TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

### **Excess of Expenditures over Appropriations in Budgeted Funds:**

During the year, the Township did not incur expenditures that were in excess of the amounts budgeted.

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### **NOTE 3: DEPOSITS AND INVESTMENTS**

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Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Township Board is in accordance with Public Act 196 of 1997. The Township's deposits and investments have been made in accordance with statutory authority.

The Township's deposits and investments are subject to risk, which is examined in more detail below:

#### **Custodial Credit Risk of Bank Deposits:**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$902,386 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$273,874 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits, and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with acceptable estimated risk level are used as depositories.

#### **Investments:**

The Township Water Fund reports \$415,800 of investments as of year end. These monies are being held as part of an investment pool of Bay County. The County has invested in external investment pools, government obligations, commercial paper and money market funds. Information regarding these investments and risk associated with these investments may be obtained from the Bay County DWS Financial Report for the year ended December 31, 2007.

# FRASER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

### NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2008 was as follows:

|                                               | <u>April 1,<br/>2007</u> | <u>Additions</u>   | <u>Retirements</u> | <u>March 31,<br/>2008</u> |
|-----------------------------------------------|--------------------------|--------------------|--------------------|---------------------------|
| <b>Governmental activities:</b>               |                          |                    |                    |                           |
| Depreciable capital assets:                   |                          |                    |                    |                           |
| Buildings                                     | \$ 759,515               | \$ 5,600           | \$ -               | \$ 765,115                |
| Equipment                                     | 14,308                   | -                  | (5,000)            | 9,308                     |
| Site improvements                             | <u>16,532</u>            | <u>-</u>           | <u>-</u>           | <u>16,532</u>             |
| Total depreciable capital assets              | 790,355                  | 5,600              | (5,000)            | 790,955                   |
| Accumulated depreciation                      | <u>(596,377)</u>         | <u>(54,990)</u>    | <u>5,000</u>       | <u>(646,367)</u>          |
| Governmental activities, capital assets, net  | <u>\$ 193,978</u>        | <u>\$ (49,390)</u> | <u>\$ -</u>        | <u>\$ 144,588</u>         |
|                                               | <u>April 1,<br/>2007</u> | <u>Additions</u>   | <u>Retirements</u> | <u>March 31,<br/>2008</u> |
| <b>Business-type activities:</b>              |                          |                    |                    |                           |
| Depreciable capital assets:                   |                          |                    |                    |                           |
| Water system                                  | \$ 3,225,316             | \$ -               | \$ -               | \$ 3,225,316              |
| Accumulated depreciation                      | <u>(992,725)</u>         | <u>(74,784)</u>    | <u>-</u>           | <u>(1,067,509)</u>        |
| Business-type activities, capital assets, net | <u>\$ 2,232,591</u>      | <u>\$ (74,784)</u> | <u>\$ -</u>        | <u>\$ 2,157,807</u>       |

Depreciation expense was charged to functions as follows:

|                        | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> |
|------------------------|------------------------------------|-------------------------------------|
| General government     | \$ 5,947                           | \$ -                                |
| Public safety          | 47,136                             | -                                   |
| Recreation and culture | 1,907                              | -                                   |
| Water                  | <u>-</u>                           | <u>74,784</u>                       |
| Total                  | <u>\$ 54,990</u>                   | <u>\$ 74,784</u>                    |



# FRASER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

### NOTE 5: DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

|                     | <u>Unavailable</u> | <u>Unearned</u> |
|---------------------|--------------------|-----------------|
| Special assessments | \$ 18,177          | \$ -            |

### NOTE 6: LONG-TERM LIABILITIES

The Township may issue bonds, loans, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the Township.

The Bay County Water Bonds are debt related to the water system managed by the Bay County DWS on behalf of the Township. There are minor timing differences in the bond payments due to the Bay County DWS being a December 31, 2007 calendar year end and the Township being a March 31, 2008 fiscal year end.

Long-term liabilities at March 31, 2008 consisted of the following:

| <u>Types of Indebtedness</u>           | <u>Maturity</u>   | <u>Interest Rates</u> | <u>Annual Principal Installments</u> | <u>Original Issue Amount</u> | <u>Outstanding at Year-End</u> |
|----------------------------------------|-------------------|-----------------------|--------------------------------------|------------------------------|--------------------------------|
| <b><u>Governmental Activities</u></b>  |                   |                       |                                      |                              |                                |
| 2002 Fire Station Loan                 | 11/22/05-11/22/10 | 5.79%                 | \$46,878-62,114                      | \$ 488,485                   | \$ 176,330                     |
| <b><u>Business-type Activities</u></b> |                   |                       |                                      |                              |                                |
| 1982 Bay County Water Bond             | 7/1/06-7/1/22     | 5.00%                 | 13,230-17,640                        | 438,060                      | 238,140                        |
| 1997 Bay County Water Bond             | 2/1/07            | 5.20%                 | 7,824                                | 77,262                       | -                              |
| 1998 Bay County Water Bond             | 5/1/06-5/1/18     | 4.85-5.00%            | 37,538-62,956                        | 860,200                      | 532,182                        |
| 2001 Note Payable                      | 1/1/07-1/1/12     | 4.80%                 | 8,148-9,952                          | 80,000                       | 36,721                         |
| 2006 Installment Purchase Agreement    | 12/1/7-12/1/16    | 4.60%                 | 5,108-6,997                          | 60,075                       | 49,732                         |

# FRASER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

The following is a summary of long-term liabilities transactions for the year ended March 31, 2008:

|                                     | <i>April 1,<br/>2007</i> | <i>Additions</i> | <i>Retirements</i> | <i>March 31,<br/>2008</i> | <i>Due Within<br/>One Year</i> |
|-------------------------------------|--------------------------|------------------|--------------------|---------------------------|--------------------------------|
| <b>Governmental activities:</b>     |                          |                  |                    |                           |                                |
| 2002 Fire Station Loan              | \$ 228,794               | \$ -             | \$ (52,464)        | \$ 176,330                | \$ 55,501                      |
| Total governmental activities       |                          |                  |                    |                           |                                |
| - long-term liabilities             | <u>\$ 228,794</u>        | <u>\$ -</u>      | <u>\$ (52,464)</u> | <u>\$ 176,330</u>         | <u>\$ 55,501</u>               |
| <b>Business-type activities:</b>    |                          |                  |                    |                           |                                |
| 1982 Bay County Water Bond          | \$ 251,370               | \$ -             | \$ (13,230)        | \$ 238,140                | \$ 13,230                      |
| 1997 Bay County Water Bond          | 7,824                    | -                | (7,824)            | -                         | -                              |
| 1998 Bay County Water Bond          | 579,105                  | -                | (46,923)           | 532,182                   | 46,923                         |
| 2001 Note Payable                   | 44,869                   | -                | (8,148)            | 36,721                    | 8,499                          |
| 2006 Installment Purchase Agreement | 54,840                   | -                | (5,108)            | 49,732                    | 5,342                          |
| Compensated Absences                | 8,212                    | -                | (1,306)            | 6,906                     | 1,036                          |
| Total business-type activities      |                          |                  |                    |                           |                                |
| - long-term liabilities             | <u>\$ 946,220</u>        | <u>\$ -</u>      | <u>\$ (82,539)</u> | <u>\$ 863,681</u>         | <u>\$ 75,030</u>               |

Annual debt service requirements to maturity for the above bonds and loans are as follows:

| <i>Year Ended</i> | <i>Governmental Activities</i> |                  |                   | <i>Business-type Activities</i> |                   |                     |
|-------------------|--------------------------------|------------------|-------------------|---------------------------------|-------------------|---------------------|
| <i>March 31,</i>  | <i>Principal</i>               | <i>Interest</i>  | <i>Total</i>      | <i>Principal</i>                | <i>Interest</i>   | <i>Total</i>        |
| 2009              | \$ 55,501                      | \$ 10,210        | \$ 65,711         | \$ 73,994                       | \$ 40,505         | \$ 114,499          |
| 2010              | 58,715                         | 6,996            | 65,711            | 65,272                          | 37,131            | 102,403             |
| 2011              | 62,114                         | 3,597            | 65,711            | 67,437                          | 33,917            | 101,354             |
| 2012              | -                              | -                | -                 | 71,432                          | 30,605            | 102,037             |
| 2013              | -                              | -                | -                 | 61,761                          | 27,080            | 88,841              |
| 2014-2018         | -                              | -                | -                 | 365,723                         | 85,005            | 450,728             |
| 2019-2023         | -                              | -                | -                 | 151,156                         | 12,589            | 163,745             |
|                   | <u>\$ 176,330</u>              | <u>\$ 20,803</u> | <u>\$ 197,133</u> | <u>\$ 856,775</u>               | <u>\$ 266,832</u> | <u>\$ 1,123,607</u> |

# FRASER TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

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### NOTE 7: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

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Receivables and payables as of year end for the Township's governmental activities in the aggregate are as follows:

|                                               | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total Primary<br/>Government</u> |
|-----------------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|
| <b>Receivables:</b>                           |                                    |                                     |                                     |
| Property taxes                                | \$ 18,776                          | \$ -                                | \$ 18,776                           |
| Accounts                                      | 24,996                             | 27,902                              | 52,898                              |
| Special assessments                           | 19,827                             | 70,563                              | 90,390                              |
| Accrued interest                              | -                                  | 1,935                               | 1,935                               |
| Intergovernmental                             | 41,490                             | -                                   | 41,490                              |
|                                               | <u>105,089</u>                     | <u>100,400</u>                      | <u>205,489</u>                      |
| Total receivables                             | \$                                 | \$                                  | \$                                  |
| <b>Accounts payable and accrued expenses:</b> |                                    |                                     |                                     |
| Accounts                                      | \$ -                               | \$ 130,767                          | \$ 130,767                          |
| Accrued payroll                               | -                                  | 151                                 | 151                                 |
| Accrued interest                              | 3,403                              | 4,243                               | 7,646                               |
| Due to other fund - tax account               | 1,426                              | -                                   | 1,426                               |
| Advances                                      | -                                  | 2,443                               | 2,443                               |
|                                               | <u>4,829</u>                       | <u>137,604</u>                      | <u>142,433</u>                      |
| Total accounts payable and accrued expenses   | \$                                 | \$                                  | \$                                  |

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### NOTE 8: ADVANCE FROM/TO OTHER FUNDS

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The composition of advances from/to other funds reported in the fund statements were as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|---------------|
| General Fund           | Water Fund          | \$ 40,630     |

Management anticipates the interfund balance to remain outstanding for periods in excess of one year. The balance resulted from a loan that the General Fund made to the Water Fund when construction of an additional water line took place. The Water Fund is repaying the loan with special assessment collections each year.

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### NOTE 9: RISK MANAGEMENT

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The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for significant losses. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

# FRASER TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

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### NOTE 10: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

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#### **Defined Contribution Pension Plan:**

***Plan Description*** – The Township has a defined contribution pension plan covering each trustee, supervisor, clerk and treasurer. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

***Insurer*** – John Hancock Company.

***Contributions*** – Employer contributions for each participant will be 20% of base wages.

***Plan Activity*** – During the year ended March 31, 2008, the Township contributed \$11,621 to the plan.

#### **Post Employment Benefits and Deferred Compensation Plan:**

Other than the above described pension plan, the Township offers no other post employment benefits to its retirees and no deferred compensation plan.

***REQUIRED SUPPLEMENTAL INFORMATION***

# FRASER TOWNSHIP

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2008

|                                    | <i>Budgeted Amounts</i> |              |               | <i>Actual<br/>Over (Under)</i> |
|------------------------------------|-------------------------|--------------|---------------|--------------------------------|
|                                    | <i>Original</i>         | <i>Final</i> | <i>Actual</i> | <i>Final Budget</i>            |
| <b>Revenues:</b>                   |                         |              |               |                                |
| Property taxes                     | \$ 118,000              | \$ 118,000   | \$ 130,080    | \$ 12,080                      |
| Licenses and permits               | 4,000                   | 4,000        | 5,090         | 1,090                          |
| State grants                       | 209,500                 | 219,500      | 240,883       | 21,383                         |
| Contributions from other units     | 1,000                   | 1,000        | 3,096         | 2,096                          |
| Charges for services               | 800                     | 800          | 3,049         | 2,249                          |
| Interest and rents                 | 9,000                   | 9,000        | 25,138        | 16,138                         |
| Other revenue                      | 13,200                  | 32,700       | 38,651        | 5,951                          |
| Total revenues                     | 355,500                 | 385,000      | 445,987       | 60,987                         |
| <b>Expenditures:</b>               |                         |              |               |                                |
| Current                            |                         |              |               |                                |
| General government                 | 192,040                 | 193,040      | 176,640       | (16,400)                       |
| Public safety                      | 63,500                  | 83,000       | 73,991        | (9,009)                        |
| Public works                       | 106,900                 | 136,900      | 120,455       | (16,445)                       |
| Community and economic development | 25,360                  | 25,360       | 22,519        | (2,841)                        |
| Recreation and culture             | 3,000                   | 3,000        | 2,015         | (985)                          |
| Other                              | 22,000                  | 22,000       | 20,071        | (1,929)                        |
| Capital outlay                     | 16,500                  | 16,500       | 12,593        | (3,907)                        |
| Debt service                       |                         |              |               |                                |
| Principal                          | 10,000                  | 10,000       | -             | (10,000)                       |
| Interest and fees                  | 2,000                   | 2,000        | -             | (2,000)                        |
| Total expenditures                 | 441,300                 | 491,800      | 428,284       | (63,516)                       |
| Net change in fund balance         | (85,800)                | (106,800)    | 17,703        | 124,503                        |
| Fund balance, beginning of year    | 415,996                 | 415,996      | 415,996       | -                              |
| Fund balance, end of year          | \$ 330,196              | \$ 309,196   | \$ 433,699    | \$ 124,503                     |

# FRASER TOWNSHIP

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## *SPECIAL REVENUE FUND – FIRE FUND*

### **BUDGETARY COMPARISON SCHEDULE**

Year Ended March 31, 2008

|                                 | <i><b>Budgeted Amounts</b></i> |                         |                          | <i><b>Actual<br/>Over (Under)<br/>Final Budget</b></i> |
|---------------------------------|--------------------------------|-------------------------|--------------------------|--------------------------------------------------------|
|                                 | <i><b>Original</b></i>         | <i><b>Final</b></i>     | <i><b>Actual</b></i>     |                                                        |
| <b>Revenues:</b>                |                                |                         |                          |                                                        |
| Property taxes                  | \$ 75,000                      | \$ 75,000               | \$ 82,727                | \$ 7,727                                               |
| Charges for services            | 4,000                          | 4,000                   | 6,816                    | 2,816                                                  |
| Interest and rents              | <u>500</u>                     | <u>500</u>              | <u>2,347</u>             | <u>1,847</u>                                           |
| Total revenues                  | <u>79,500</u>                  | <u>79,500</u>           | <u>91,890</u>            | <u>12,390</u>                                          |
| <b>Expenditures:</b>            |                                |                         |                          |                                                        |
| Current                         |                                |                         |                          |                                                        |
| Public safety                   | 21,200                         | 21,200                  | 13,304                   | (7,896)                                                |
| Debt service                    |                                |                         |                          |                                                        |
| Principal                       | 52,500                         | 52,500                  | 52,464                   | (36)                                                   |
| Interest and fees               | <u>13,300</u>                  | <u>13,300</u>           | <u>13,247</u>            | <u>(53)</u>                                            |
| Total expenditures              | <u>87,000</u>                  | <u>87,000</u>           | <u>79,015</u>            | <u>(7,985)</u>                                         |
| Net change in fund balance      | (7,500)                        | (7,500)                 | 12,875                   | 20,375                                                 |
| Fund balance, beginning of year | <u>89,049</u>                  | <u>89,049</u>           | <u>89,049</u>            | <u>-</u>                                               |
| Fund balance, end of year       | <u><u>\$ 81,549</u></u>        | <u><u>\$ 81,549</u></u> | <u><u>\$ 101,924</u></u> | <u><u>\$ 20,375</u></u>                                |

# FRASER TOWNSHIP

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## *SPECIAL REVENUE FUND – GARBAGE COLLECTION FUND*

### **BUDGETARY COMPARISON SCHEDULE**

Year Ended March 31, 2008

|                                 | <i><b>Budgeted Amounts</b></i> |                     |                      | <i><b>Actual<br/>Over (Under)<br/>Final Budget</b></i> |
|---------------------------------|--------------------------------|---------------------|----------------------|--------------------------------------------------------|
|                                 | <i><b>Original</b></i>         | <i><b>Final</b></i> | <i><b>Actual</b></i> |                                                        |
| <b>Revenues:</b>                |                                |                     |                      |                                                        |
| Charges for services            | \$ 140,000                     | \$ 140,000          | \$ 139,755           | \$ (245)                                               |
| Interest and rents              | 2,000                          | 2,000               | 7,240                | 5,240                                                  |
| Other revenue                   | -                              | -                   | 12                   | 12                                                     |
| Total revenues                  | <u>142,000</u>                 | <u>142,000</u>      | <u>147,007</u>       | <u>5,007</u>                                           |
| <b>Expenditures:</b>            |                                |                     |                      |                                                        |
| Current                         |                                |                     |                      |                                                        |
| Public works                    | <u>161,000</u>                 | <u>161,000</u>      | <u>151,652</u>       | <u>(9,348)</u>                                         |
| Total expenditures              | <u>161,000</u>                 | <u>161,000</u>      | <u>151,652</u>       | <u>(9,348)</u>                                         |
| Net change in fund balance      | (19,000)                       | (19,000)            | (4,645)              | 14,355                                                 |
| Fund balance, beginning of year | <u>268,426</u>                 | <u>268,426</u>      | <u>268,426</u>       | <u>-</u>                                               |
| Fund balance, end of year       | <u>\$ 249,426</u>              | <u>\$ 249,426</u>   | <u>\$ 263,781</u>    | <u>\$ 14,355</u>                                       |



***OTHER SUPPLEMENTAL INFORMATION***

# FRASER TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF REVENUES

Year Ended March 31, 2008

***Current Taxes:***

|                                 |                |
|---------------------------------|----------------|
| Property taxes                  | \$ 97,893      |
| Penalties and interest on taxes | 1,867          |
| Administration fees             | 30,320         |
|                                 | <u>130,080</u> |

***Licenses and permits:***

|                                  |              |
|----------------------------------|--------------|
| Nonbusiness licenses and permits | 510          |
| CATV franchise fees              | 4,580        |
|                                  | <u>5,090</u> |

***State Grants:***

|                                     |                |
|-------------------------------------|----------------|
| Summer tax collection reimbursement | 5,708          |
| State revenue sharing - sales tax   | 230,766        |
| Metro Act Authority                 | 4,409          |
|                                     | <u>240,883</u> |

***Contribution from other units:***

|                               |              |
|-------------------------------|--------------|
| School election reimbursement | <u>3,096</u> |
|-------------------------------|--------------|

***Charges for services:***

|             |              |
|-------------|--------------|
| Copies      | 155          |
| Zoning fees | 745          |
| Other       | 2,149        |
|             | <u>3,049</u> |

***Interest and rents:***

|          |               |
|----------|---------------|
| Interest | 12,649        |
| Rents    | 12,489        |
|          | <u>25,138</u> |

***Other Revenue:***

|                                      |               |
|--------------------------------------|---------------|
| Special assessments                  | 15,087        |
| Proceeds from sale of capital assets | 391           |
| Cemetery lots/perpetual care         | 925           |
| Reimbursements                       | 20,935        |
| Other                                | 1,313         |
|                                      | <u>38,651</u> |

|                |                          |
|----------------|--------------------------|
| Total revenues | <u><u>\$ 445,987</u></u> |
|----------------|--------------------------|

# FRASER TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES

Year Ended March 31, 2008

#### *General Government:*

##### *Board:*

|           |              |
|-----------|--------------|
| Personnel | \$ 5,184     |
| Mileage   | 221          |
|           | <u>5,405</u> |

##### *Supervisor:*

|           |               |
|-----------|---------------|
| Personnel | 17,640        |
| Mileage   | 1,401         |
|           | <u>19,041</u> |

##### *Clerk:*

|                     |               |
|---------------------|---------------|
| Personnel           | 18,275        |
| Contracted services | 77            |
| Mileage             | 577           |
|                     | <u>18,929</u> |

##### *Audit:*

|                     |              |
|---------------------|--------------|
| Contracted services | <u>5,200</u> |
|---------------------|--------------|

##### *Board of Review:*

|                           |              |
|---------------------------|--------------|
| Personnel                 | 1,045        |
| Printing and publications | 146          |
|                           | <u>1,191</u> |

##### *Treasurer:*

|           |               |
|-----------|---------------|
| Personnel | 18,225        |
| Mileage   | 359           |
|           | <u>18,584</u> |

##### *Assessor:*

|                           |               |
|---------------------------|---------------|
| Personnel                 | 20,407        |
| Contracted services       | 740           |
| Printing and publications | 96            |
|                           | <u>21,243</u> |

##### *Elections:*

|                           |              |
|---------------------------|--------------|
| Personnel                 | 3,234        |
| Supplies                  | 809          |
| Printing and publications | 107          |
|                           | <u>4,150</u> |

##### *Building and Grounds:*

|                         |               |
|-------------------------|---------------|
| Personnel               | 11,140        |
| Supplies                | 2,946         |
| Contracted services     | 5,279         |
| Telephone               | 2,580         |
| Insurance               | 11,000        |
| Utilities               | 13,007        |
| Repairs and maintenance | 2,991         |
|                         | <u>48,943</u> |

# FRASER TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2008

***General Government, continued:***

*Attorney:*

|                     |       |
|---------------------|-------|
| Contracted services | 3,340 |
|---------------------|-------|

*Cemetery:*

|                     |       |
|---------------------|-------|
| Contracted services | 1,230 |
|---------------------|-------|

*Operating:*

|                           |               |
|---------------------------|---------------|
| Supplies                  | 3,572         |
| Contracted services       | 10,732        |
| Education and training    | 6,919         |
| Printing and publications | 1,356         |
| Other                     | 6,805         |
|                           | <u>29,384</u> |

|                          |                |
|--------------------------|----------------|
| Total general government | <u>176,640</u> |
|--------------------------|----------------|

***Public Safety:***

*Fire:*

|                     |        |
|---------------------|--------|
| Contracted services | 73,991 |
|---------------------|--------|

***Public Works:***

*Drains:*

|                     |       |
|---------------------|-------|
| Contracted services | 4,097 |
|---------------------|-------|

*Roads:*

|                     |                |
|---------------------|----------------|
| Contracted services | 109,101        |
| Other               | 582            |
|                     | <u>109,683</u> |

*Street Lighting:*

|           |       |
|-----------|-------|
| Utilities | 6,675 |
|-----------|-------|

|                    |                |
|--------------------|----------------|
| Total public works | <u>120,455</u> |
|--------------------|----------------|

***Community and Economic Development:***

*Planning:*

|                           |               |
|---------------------------|---------------|
| Personnel                 | 1,115         |
| Contracted services       | 15,265        |
| Printing and publications | 11            |
|                           | <u>16,391</u> |

# FRASER TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2008

***Community and Economic Development, continued:***

***Zoning:***

|                                          |               |
|------------------------------------------|---------------|
| Personnel                                | 5,850         |
| Supplies                                 | 42            |
| Telephone                                | 128           |
| Mileage                                  | 74            |
| Printing and publications                | 34            |
|                                          | <u>6,128</u>  |
| Total community and economic development | <u>22,519</u> |

***Recreation and Culture:***

***Parks and Recreation:***

|                     |              |
|---------------------|--------------|
| Supplies            | 147          |
| Contracted services | 1,868        |
|                     | <u>2,015</u> |

***Other:***

|                  |               |
|------------------|---------------|
| Pension and fees | 12,382        |
| Payroll taxes    | 7,689         |
|                  | <u>20,071</u> |

***Capital Outlay:***

|                        |               |
|------------------------|---------------|
| General government     | 11,493        |
| Recreation and culture | 1,100         |
|                        | <u>12,593</u> |

|                    |                          |
|--------------------|--------------------------|
| Total expenditures | <u><u>\$ 428,284</u></u> |
|--------------------|--------------------------|

# FRASER TOWNSHIP

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## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING BALANCE SHEET

March 31, 2008

|                           | <i><u>Ambulance<br/>Fund</u></i> | <i><u>Capital<br/>Projects<br/>Fund</u></i> | <i><u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u></i> |
|---------------------------|----------------------------------|---------------------------------------------|-------------------------------------------------------------|
| <b>Assets:</b>            |                                  |                                             |                                                             |
| Cash and cash equivalents | \$ 49,992                        | \$ 48,314                                   | \$ 98,306                                                   |
| Accounts receivable       | <u>3,185</u>                     | <u>6,453</u>                                | <u>9,638</u>                                                |
| Total assets              | <u>\$ 53,177</u>                 | <u>\$ 54,767</u>                            | <u>\$ 107,944</u>                                           |
| <b>Fund Balances:</b>     |                                  |                                             |                                                             |
| Unreserved:               |                                  |                                             |                                                             |
| Special revenue funds     | <u>53,177</u>                    | <u>54,767</u>                               | <u>107,944</u>                                              |
| Total fund balances       | <u>\$ 53,177</u>                 | <u>\$ 54,767</u>                            | <u>\$ 107,944</u>                                           |

# FRASER TOWNSHIP

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## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2008

|                                  | <i>Ambulance<br/>Fund</i> | <i>Capital<br/>Projects<br/>Fund</i> | <i>Total<br/>Nonmajor<br/>Governmental<br/>Funds</i> |
|----------------------------------|---------------------------|--------------------------------------|------------------------------------------------------|
| <b>Revenues:</b>                 |                           |                                      |                                                      |
| State grants                     | \$ -                      | \$ 5,600                             | \$ 5,600                                             |
| Charges for services             | -                         | 4,496                                | 4,496                                                |
| Interest and rents               | 449                       | -                                    | 449                                                  |
| Special assessments              | 28,040                    | -                                    | 28,040                                               |
| Total revenues                   | 28,489                    | 10,096                               | 38,585                                               |
| <b>Expenditures:</b>             |                           |                                      |                                                      |
| Capital outlay                   | -                         | 5,600                                | 5,600                                                |
| Total expenditures               | -                         | 5,600                                | 5,600                                                |
| Net change in fund balances      | 28,489                    | 4,496                                | 32,985                                               |
| Fund balances, beginning of year | 24,688                    | 50,271                               | 74,959                                               |
| Fund balances, end of year       | <u>\$ 53,177</u>          | <u>\$ 54,767</u>                     | <u>\$ 107,944</u>                                    |

# FRASER TOWNSHIP

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## *FIDUCIARY FUND – AGENCY FUND*

### **STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

March 31, 2008

#### **Property Tax Collection Fund**

|                                 | <u><i>April 1,<br/>2007</i></u> | <u><i>Additions</i></u> | <u><i>Deductions</i></u> | <u><i>March 31,<br/>2008</i></u> |
|---------------------------------|---------------------------------|-------------------------|--------------------------|----------------------------------|
| <b>Assets:</b>                  |                                 |                         |                          |                                  |
| Cash and cash equivalents       | \$ 6,021                        | \$ 2,886,602            | \$ 2,890,536             | \$ 2,087                         |
| Accounts receivable             | <u>-</u>                        | <u>1,426</u>            | <u>-</u>                 | <u>1,426</u>                     |
| Total assets                    | <u>\$ 6,021</u>                 | <u>\$ 2,888,028</u>     | <u>\$ 2,890,536</u>      | <u>\$ 3,513</u>                  |
| <b>Fund Balances:</b>           |                                 |                         |                          |                                  |
| <b>Liabilities:</b>             |                                 |                         |                          |                                  |
| Accounts payable                | \$ 3,104                        | \$ 436,157              | \$ 439,261               | \$ -                             |
| Due to other governmental units | <u>2,917</u>                    | <u>2,451,871</u>        | <u>2,451,275</u>         | <u>3,513</u>                     |
| Total liabilities               | <u>\$ 6,021</u>                 | <u>\$ 2,888,028</u>     | <u>\$ 2,890,536</u>      | <u>\$ 3,513</u>                  |



# FRASER TOWNSHIP

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## GOVERNMENTAL ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

March 31, 2008

#### FIRE STATION LOAN

|                                                |    |                 |
|------------------------------------------------|----|-----------------|
| Issue dated November 22, 2000 in the amount of | \$ | 488,485         |
| Less:                                          |    |                 |
| Principal paid in prior years                  |    | (259,691)       |
| Principal paid in current year                 |    | <u>(52,464)</u> |
| Balance payable at March 31, 2008              | \$ | <u>176,330</u>  |

| <i><u>Fiscal</u></i><br><i><u>Year Ended</u></i> | <i><u>Interest</u></i><br><i><u>Rate</u></i> | <i><u>Principal due</u></i><br><i><u>November 22,</u></i> | <i><u>Interest due</u></i><br><i><u>November 22,</u></i> | <i><u>Total</u></i><br><i><u>Annual</u></i><br><i><u>Requirement</u></i> |
|--------------------------------------------------|----------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------------------|
| 2009                                             | 4.80%                                        | \$ 55,501                                                 | \$ 10,210                                                | \$ 65,711                                                                |
| 2010                                             | 4.80%                                        | 58,715                                                    | 6,996                                                    | 65,711                                                                   |
| 2011                                             | 4.80%                                        | <u>62,114</u>                                             | <u>3,597</u>                                             | <u>65,711</u>                                                            |
|                                                  |                                              | <u>\$ 176,330</u>                                         | <u>\$ 20,803</u>                                         | <u>\$ 197,133</u>                                                        |

# FRASER TOWNSHIP

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## BUSINESS-TYPE ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

March 31, 2008

#### BAY COUNTY WATER DISTRIBUTION SYSTEM (FRASER-KAWKAWLIN) BONDS FRASER'S PORTION 29.40%

|                                               |    |                 |
|-----------------------------------------------|----|-----------------|
| Issue dated October 13, 1982 in the amount of | \$ | 438,060         |
| Less: Principal paid in prior years           |    | (186,690)       |
| Principal paid in current year                |    | <u>(13,230)</u> |
| Balance payable at March 31, 2008             | \$ | <u>238,140</u>  |

Balance payable as follows:

| <i>Fiscal<br/>Year Ended</i> | <i>Interest<br/>Rate</i> | <i>Principal due<br/>July 1,</i> | <i>Interest due<br/>July 1,</i> | <i>Interest due<br/>January 1,</i> | <i>Total<br/>Annual<br/>Requirement</i> |
|------------------------------|--------------------------|----------------------------------|---------------------------------|------------------------------------|-----------------------------------------|
| 2009                         | 5.00%                    | \$ 13,230                        | \$ 5,954                        | \$ 5,623                           | \$ 24,807                               |
| 2010                         | 5.00%                    | 13,230                           | 5,623                           | 5,292                              | 24,145                                  |
| 2011                         | 5.00%                    | 14,700                           | 5,292                           | 4,925                              | 24,917                                  |
| 2012                         | 5.00%                    | 14,700                           | 4,925                           | 4,557                              | 24,182                                  |
| 2013                         | 5.00%                    | 14,700                           | 4,557                           | 4,190                              | 23,447                                  |
| 2014                         | 5.00%                    | 14,700                           | 4,190                           | 3,822                              | 22,712                                  |
| 2015                         | 5.00%                    | 16,170                           | 3,822                           | 3,418                              | 23,410                                  |
| 2016                         | 5.00%                    | 16,170                           | 3,418                           | 3,014                              | 22,602                                  |
| 2017                         | 5.00%                    | 16,170                           | 3,014                           | 2,609                              | 21,793                                  |
| 2018                         | 5.00%                    | 16,170                           | 2,609                           | 2,205                              | 20,984                                  |
| 2019                         | 5.00%                    | 17,640                           | 2,205                           | 1,764                              | 21,609                                  |
| 2020                         | 5.00%                    | 17,640                           | 1,764                           | 1,323                              | 20,727                                  |
| 2021                         | 5.00%                    | 17,640                           | 1,323                           | 882                                | 19,845                                  |
| 2022                         | 5.00%                    | 17,640                           | 882                             | 441                                | 18,963                                  |
| 2023                         | 5.00%                    | <u>17,640</u>                    | <u>441</u>                      | <u>-</u>                           | <u>18,081</u>                           |
|                              |                          | <u>\$ 238,140</u>                | <u>\$ 50,019</u>                | <u>\$ 44,065</u>                   | <u>\$ 332,224</u>                       |

# FRASER TOWNSHIP

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## BUSINESS-TYPE ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

March 31, 2008

#### BAY COUNTY DEPARTMENT OF WATER AND SEWER 1997 REFUNDING BONDS FRASER'S PORTION 9.78%

|                                          |    |                 |
|------------------------------------------|----|-----------------|
| Issue dated May 1, 1997 in the amount of | \$ | 77,262          |
| Less: Principal paid in prior years      |    | (69,438)        |
| Principal paid in current year           |    | <u>(7,824)</u>  |
| Balance payable at March 31, 2008        | \$ | <u><u>-</u></u> |

#### BAY COUNTY WATER SUPPLY SYSTEM (FRASER-KAWKAWLIN EXTENSION) BONDS FRASER'S PORTION 62.56%

|                                           |    |                       |
|-------------------------------------------|----|-----------------------|
| Issue dated July 1, 1998 in the amount of | \$ | 860,200               |
| Less: Principal paid in prior years       |    | (281,095)             |
| Principal paid in current year            |    | <u>(46,923)</u>       |
| Balance payable at March 31, 2007         | \$ | <u><u>532,182</u></u> |

Balance payable as follows:

| <i><u>Fiscal</u></i><br><i><u>Year Ended</u></i> | <i><u>Interest</u></i><br><i><u>Rate</u></i> | <i><u>Principal due</u></i><br><i><u>May 1,</u></i> | <i><u>Interest due</u></i><br><i><u>May 1,</u></i> | <i><u>Interest due</u></i><br><i><u>November 1,</u></i> | <i><u>Total</u></i><br><i><u>Annual</u></i><br><i><u>Requirement</u></i> |
|--------------------------------------------------|----------------------------------------------|-----------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------------------|
| 2009                                             | 4.85%                                        | \$ 46,923                                           | \$ 12,987                                          | \$ 11,849                                               | \$ 71,759                                                                |
| 2010                                             | 4.85%                                        | 37,538                                              | 11,849                                             | 10,938                                                  | 60,325                                                                   |
| 2011                                             | 4.85%                                        | 37,538                                              | 10,938                                             | 10,028                                                  | 58,504                                                                   |
| 2012                                             | 4.85%                                        | 40,666                                              | 10,028                                             | 9,042                                                   | 59,736                                                                   |
| 2013                                             | 4.85%                                        | 40,666                                              | 9,042                                              | 8,056                                                   | 57,764                                                                   |
| 2014                                             | 4.85%                                        | 46,923                                              | 8,056                                              | 6,918                                                   | 61,897                                                                   |
| 2015                                             | 4.85%                                        | 50,051                                              | 6,918                                              | 5,704                                                   | 62,673                                                                   |
| 2016                                             | 4.85%                                        | 53,179                                              | 5,704                                              | 4,415                                                   | 63,298                                                                   |
| 2017                                             | 4.90%                                        | 56,307                                              | 4,415                                              | 3,035                                                   | 63,757                                                                   |
| 2018                                             | 4.95%                                        | 59,435                                              | 3,035                                              | 1,564                                                   | 64,034                                                                   |
| 2019                                             | 5.00%                                        | <u>62,956</u>                                       | <u>1,564</u>                                       | <u>-</u>                                                | <u>64,520</u>                                                            |
|                                                  |                                              | <u>\$ 532,182</u>                                   | <u>\$ 84,536</u>                                   | <u>\$ 71,549</u>                                        | <u>\$ 688,267</u>                                                        |

# FRASER TOWNSHIP

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## BUSINESS-TYPE ACTIVITIES

### SCHEDULE OF INDEBTEDNESS

March 31, 2008

#### NOTE PAYABLE - 2001 WATER LINE EXTENSIONS

|                                                |    |                |
|------------------------------------------------|----|----------------|
| Issue dated December 12, 2001 in the amount of | \$ | 80,000         |
| Less:                                          |    |                |
| Principal paid in prior years                  |    | (35,131)       |
| Principal paid in current year                 |    | <u>(8,148)</u> |
| Balance payable at March 31, 2007              | \$ | <u>36,721</u>  |

| <i>Fiscal<br/>Year Ended</i> | <i>Interest<br/>Rate</i> | <i>Principal due<br/>January 15,</i> | <i>Interest due<br/>January 15,</i> | <i>Total<br/>Annual<br/>Requirement</i> |
|------------------------------|--------------------------|--------------------------------------|-------------------------------------|-----------------------------------------|
| 2009                         | 4.80%                    | \$ 8,499                             | \$ 1,804                            | \$ 10,303                               |
| 2010                         | 4.80%                    | 8,916                                | 1,387                               | 10,303                                  |
| 2011                         | 4.80%                    | 9,354                                | 949                                 | 10,303                                  |
| 2012                         | 4.80%                    | <u>9,952</u>                         | <u>537</u>                          | <u>10,489</u>                           |
|                              |                          | <u>\$ 36,721</u>                     | <u>\$ 4,677</u>                     | <u>\$ 41,398</u>                        |

#### INSTALLMENT PURCHASE AGREEMENT - KAISER TOWER ROAD WATER LINE PROJEC

|                                               |    |                |
|-----------------------------------------------|----|----------------|
| Issue dated December 1, 2005 in the amount of | \$ | 60,075         |
| Less:                                         |    |                |
| Principal paid in prior years                 |    | (5,235)        |
| Principal paid in current year                |    | <u>(5,108)</u> |
| Balance payable at March 31, 2007             | \$ | <u>49,732</u>  |

| <i>Fiscal<br/>Year Ended</i> | <i>Interest<br/>Rate</i> | <i>Principal due<br/>December 1,</i> | <i>Interest due<br/>December 1,</i> | <i>Total<br/>Annual<br/>Requirement</i> |
|------------------------------|--------------------------|--------------------------------------|-------------------------------------|-----------------------------------------|
| 2009                         | 4.60%                    | \$ 5,342                             | \$ 2,288                            | \$ 7,630                                |
| 2010                         | 4.60%                    | 5,588                                | 2,042                               | 7,630                                   |
| 2011                         | 4.60%                    | 5,845                                | 1,785                               | 7,630                                   |
| 2012                         | 4.60%                    | 6,114                                | 1,516                               | 7,630                                   |
| 2013                         | 4.60%                    | 6,395                                | 1,235                               | 7,630                                   |
| 2014                         | 4.60%                    | 6,689                                | 941                                 | 7,630                                   |
| 2015                         | 4.60%                    | 6,997                                | 633                                 | 7,630                                   |
| 2016                         | 4.60%                    | <u>6,762</u>                         | <u>311</u>                          | <u>7,073</u>                            |
|                              |                          | <u>\$ 49,732</u>                     | <u>\$ 10,751</u>                    | <u>\$ 60,483</u>                        |



## **REQUIRED COMMUNICATION TO FRASER TOWNSHIP IN ACCORDANCE WITH PROFESSIONAL STANDARDS**

To the Township Board  
Fraser Township

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fraser Township for the year ended March 31, 2008, and have issued our report thereon dated June 17, 2008. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated October 19, 2007, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

### **Significant Accounting Policies**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Fraser Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements.

**Disclosures**

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures may be particularly sensitive because of their significance to financial statement users.

**Difficulties Encountered in Performing the Audit**

We encountered no difficulties in performing and completing our audit.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, if any.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated June 17, 2008.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Discussions with Management**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Internal Control Matters**

In planning and performing our audit of the financial statements of Fraser Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Fraser Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Municipality's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that misstatement of the Municipality's financial statements that is more than inconsequential will not be prevented or detected by the Municipality's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Municipality's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined above.

Deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above, follow:

Recording, Processing and Summarizing Accounting Data

Criteria: All governmental units are required to have in place internal controls over recording, processing, summarizing accounting data and preparing financial statements. SAS No. 112 requires us to communicate with you about this.

Conditions: As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the recording, processing, summarizing accounting data and preparing financial statements as part of its external financial reporting process. Accordingly, the government has placed reliance on its external auditors, who cannot by definition be considered a part of the government's internal controls.

Cause: This condition was caused by the government's decision that it is more cost effective to have external auditors recommend the necessary adjusting journal entries to its general ledger and prepare the financial statements than to incur the time and expense for the government to perform these tasks internally.

Effect: As a result of this condition, the government lacks internal controls over the recording, processing, summarizing accounting data and preparing financial statements, and instead relied, in part, on its external auditors for assistance with this task.

View of Responsible Officials: The government has evaluated the cost versus benefit of establishing internal controls over the recording, processing, summarizing accounting data and preparing financial statements, and determined that it is in the best interests of the government to rely on its external auditors to recommend the necessary adjustments and preparation of the financial statements.

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This communication is intended solely for the information and use of management, Township Board, and others within the Municipality, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Berthiaume & Co.*

Berthiaume & Company  
Certified Public Accountants  
Saginaw, Michigan

June 17, 2008